

# MINUTES OF ROANOKE CITY COUNCIL AUDIT COMMITTEE

June 4, 2001

## 1. CALL TO ORDER:

The meeting of the Roanoke City Audit Committee was called to order at 11:00 a.m. on Monday, June 4, 2001, with Chairman, William White, Sr., presiding.

- The roll was called by Mrs. Powers

### Audit Committee

**Members Present:** William White, Sr., Chairman  
William H. Carder  
W. Alvin Hudson  
Linda F. Wyatt

**Others Present:** William D. Bestpitch, Council Member  
Robert H. Bird, Municipal Auditor  
Darlene L. Burcham, City Manager  
Chip Snead, Assistant City Manager for Operations  
Rolanda Johnson, Assistant City Manager for Community Development  
William M. Hackworth, City Attorney  
James D. Grisso, Director of Finance  
Dana Long, Chief of Billings & Collections  
Gerri Rorer, Sr. Tax Compliance Administrator  
Troy A. Harmon, Assistant Municipal Auditor  
Mike Tuck, Senior Auditor  
Pamela C. Mosdell, Auditor  
Brian M. Garber, Auditor  
Evelyn W. Powers, Administrative Assistant

## 2. FINANCIAL RELATED AUDITS:

1. Records Management
2. Economic Development
3. Human Resources
4. Miscellaneous Taxes

Mr. White ordered that the financial audits be received and filed. There were no objections to the order. Mr. White recognized the Municipal Auditor's staff for comments. Mrs. Mosdell briefed the Committee on the Records Management audit. Mr. White questioned why the Records Management audit did not state an opinion and conclusion. Mr. Harmon explained that the Records Management audit was basically a follow-up to a previous audit and was more substantive testing. Mr. Harmon reported that there are areas of concern and that these concerns have been discussed with management. Mr. Hudson questioned what departments had actual concerns and wanted more detailed information. Mrs. Mosdell reported on the departments with the concerns and reported that management in these areas have been addressed. Mr. Harmon

reported that some departments were still holding records due to the EPA mandate. Ms. Burcham reported that she has met with the auditors and as a result of the concerns noted, has postponed moving records management to General Services for six months to better prepare for the transition. She assured the Committee that she is taking the auditors recommendations seriously and will make sure that all personnel are properly trained to handle records management. Mrs. Wyatt responded that the destruction of records is very important, and that in the past this cost the City \$5 million dollars due to the situation at Public Works. She also stressed the importance of the people who are responsible for the City's records have the experience and the training necessary to perform records management duties. Mrs. Burcham said that personnel responsible for City records will go to training and that Diane Smallwood will continue to oversee this function for the next six months to ensure that things are going right.

Mrs. Mosdell briefed the Committee on the Economic Development audit. Mr. White responded that he was glad to see that the audit department was auditing the enterprise zones. He said that this audit brought out a lot of good recommendations. He responded particularly to the area of incentives used to attract businesses to the City. Mr. White agreed that there needs to be adequate written documentation that can be passed on to new personnel to follow. Ms. Burcham indicated that the department had significant vacancies until January, 2001, with one vacancy remaining. The department's Business Plan addresses the areas of concern that were noted during the audit. There has been no paper trail in the past; however, the next review will show all recommendations in place. Ms. Burcham reported that she has asked the economic development staff to look at other localities for a better incentive package. Council should expect to see recommendations for changes regarding the incentive package during the next several months. Mrs. Wyatt asked if Planning and Zoning personnel were aware of the Enterprise Zones and the incentive package for businesses. Ms. Burcham responded perhaps not since many of the staff are new, and that she would make sure that those personnel knew about the Enterprise Zone. Mr. Grisso reported to the Committee that the City's Enterprise Zone has been recognized in Virginia as an active and good model for other localities to look at.

Mr. Harmon briefed the Committee on the Human Resources audit. Mr. Carder stated that he could certainly understand the importance of the City's drug and alcohol testing and the risk of charges of bias and unfair testing. Mr. Carder had a general observation that better utilization of technology is needed to address many of the problems being identified in audits. He stated that the City needs to establish a vision for a fully integrated, open information system that provides access to everyone who needs the information to do their job. Mr. Harmon agreed that better utilization of technology is an issue, and that the Department of Technology is beginning to address this. Ms. Burcham stated that the City is going to have to play catch up. Many of the City's current systems are 25+ years old and that only one to two people are still here who know anything about the systems. The cost is not cheap. The City needs funding and people. We have a long way to go. Mr. Carder stated that there are quantifiable reasons for interfacing our computer systems. He also stated that for City departments to move forward with their business plans, there are going to have to be information systems to capture performance data. Mr. Carder suggested that the City consider bringing in technical experts to map out a five year plan on how the City can move forward with technology. Mr. Carder said that he believes the return on the City's investment would be beneficial and most effective for better planning for the future of technology issues. Mrs. Wyatt agreed with Mr. Carder's comments. Ms. Burcham reported to

the Committee that the staff is currently identifying technology needs. Mr. Grisso stated that everyone's points were well taken and supported Ms. Burcham's ideas on looking at updating the City's computer applications. Mr. Grisso reported that the City's Payroll system was designed in 1980, and currently is not interfaced with the Personnel system. Mr. Grisso felt that the management issues were taken care of a year ago. The Department of Technology is under new management and the City is now catching up. Mr. Bird reported that the Information Technology Committee is pulling out of a hole. The Committee is concentrating on technology infrastructure. The City is going to feel the pain in technology applications while we upgrade and simplify the infrastructure, but the City is headed in the right direction. Mrs. Wyatt said that the City needs to look at infrastructure for technology rather than buying computers. Technology changes too quickly for the City to keep up. She said that the City needs to be looking at leasing computers to save money and to continue to stay reasonably current with technology. Mr. Grisso reported that the City began this year leasing computers. He reported that 75 new computers are being replaced a quarter. The oldest computers are the first ones to be replaced.

Mr. Tuck briefed the Committee on the Miscellaneous Taxes audit. Mr. Grisso introduced Dana Long and Gerri Rorer. He stated that most of the time is spent with prepared food tax. Mr. White asked if additional staff was hired, how much more additional tax could the City expect to collect. Mrs. Rorer reported that she thought \$15,000 in additional taxes could be collected. She stated that an additional person could get bank statements and more records from businesses and examine them more closely for the appropriate tax collection. Mrs. Rorer examined two cell phone companies during the year and found that all the tax money was not being reported to the City. There are many cell phone companies that are out of town and the information is hard to get. The Office of Billings and Collections gets a great deal of the tax money that is owed; however, additional staff could add to the tax collected. Mr. Grisso suggested looking at hiring outside vendors to perform audits on electrical, gas, and cellular phone companies to ensure that all tax money is paid to the City, perhaps in concert with other jurisdictions or the Virginia Municipal League (VML).

### **3. UNFINISHED BUSINESS:**

#### **1. Update on Comprehensive Services Act (CSA)**

Mr. White reported that the Comprehensive Services Act audit was presented to the Audit Committee on December 7, 2000. The Committee asked to be updated on the development of a computerized system. Ms. Burcham briefed the Committee on this issue. Ms. Burcham reported that a recommendation has been made to purchase the Harmony System. The cost of the system will be approximately \$100,000. The cost includes hardware, software, and training. Ms. Burcham is looking for sufficient money to allow the City to purchase this system in this year's budget. Development of a system from scratch was not successful several years ago.

#### **2. NEW BUSINESS:**

##### **A. KPMG Audit Plan - June 30, 2001**

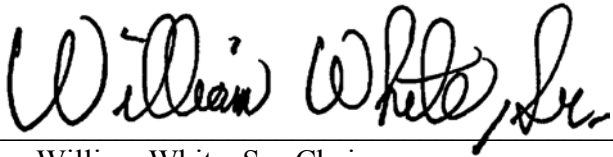
2. Briefing on Municipal Auditing 2002 Audit Plan

Mr. White ordered that the KPMG Audit Plan for June 30, 2001, be received and filed. There were no objections to the order.

Mr. Harmon briefed the Committee on the Municipal Auditing 2002 Audit Plan. A formal report will be presented to the Council on or before June 30, 2001. Mr. Grisso mentioned the Civic Center and Parks & Recreation Part-Time Payroll as two areas that may benefit from audit attention in the future.

6. ADJOURNMENT:

There being no further business, the meeting adjourned at 11:58 a.m.

A handwritten signature in black ink, reading "William White, Sr.", written over a horizontal line.

William White, Sr., Chairman